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cc: Paul

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Moab Field Office
82 East Dogwood
Moab, Utah 84532

TAKE PRIDE IN AMERICA

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UTU-77884
(UT-062)

RECEIVED
OCT 16 2006
DIV. OF OIL, GAS & MINING

OCT 11 2006

Mr. Gary Hansen
RR 1 Box 298
Fairview, Utah 84629-9512

Dear Mr. Hansen:

On August 21, 2006, you submitted to the Bureau of Land Management (BLM) Moab Field Office a proposed mining plan for humates in the Harley dome (Westwater) area. By letter dated September 1, 2006, we informed you of the deficiencies identified with the mining plan that must be corrected before we could begin processing. On October 4, 2006, we received your written response but your response still does not address all the deficiencies identified.

Your updated mining plan (10/4/06) references the requirements of the Federal regulations found at 43 CFR 3809. These are not the appropriate regulations governing operations conducted for humates. As stated in our letter of September 1, 2006, humates are classified as a mineral material and are administered in accordance with the Federal regulations found at 43 CFR 3600.

According to your updated mining plan, Paul Baker of the Utah Division of Oil, Gas and Mining (UDOGM) granted you the reactivation of the Baker Associates, Inc. project. This project was proposed in the early 1980's and involved the surface mining of humates to be provided to the agricultural market as a soil conditioner. The Baker Associates project area involved relatively the same area as that in your humate mining proposal and apparently the project met the requirements of both the UDOGM and the BLM at the time. The original mining plan submitted by Baker Associates could not be found in our records. You could resubmit this mining plan but that does not mean it would provide all of the information which we have determined is necessary to process the proposed operation.

The humates are to be surface mined from a 200 acre area (part of a 250 acre lease) as stated in your updated mining plan. We have no information regarding a 250 acre lease or how it relates to the humate deposit. Humates are disposed of by sale and not by lease. Only a 250 acre area is depicted on a regional map as the proposed area to be mined. It is stated that mining would progress in five acre increments utilizing seams of humates measuring 21 to 39 feet thick. A site map (1"=200') displays 3 areas labeled Phase 1, Phase 2, and Phase 3. Each phase involves about 5 acres. To access these areas, an existing eight to nine foot road would be improved and a short passing lane would be required. **Deficiencies to address:** Are the phases identified considered the only mining areas within the larger 250 acres? Would other phases be added in the future as mining progresses? What is the quantity of topsoil, overburden, and humates involved with each phase? Provide thickness estimates and quantities of top soil, overburden, and humates to be removed. What is the mining sequence and production rate? What is the duration of production and what are the periods of operation? Describe the mining method and how mining would progress within each of the phases.

Provide an estimated timetable for conducting and completing each phase of the operation including reclamation. Describe the purpose of the front-end loader zone depicted on the site map. The location of trailers, toilets, equipment storage, and stockpiles all need to be accurately depicted on the site map. Explain how the existing access road would be improved and portray the equipment that would be necessary? Describe the purpose of the passing lane and delineate the location of the passing lane on the site map.

Based on an average humate thickness of 30 feet, each phase would amount to about 280,000 cubic yards of material. According to the regulations at 43 CFR 3602.31, the BLM may sell, at not less than fair market value, and without advertising or calling for bids, mineral materials not greater than 200,000 cubic yards in any individual sale. For volumes above this amount, the BLM can make sales only after inviting competitive bids through publication and posting. Therefore, it is very important to establish the volume of material you are requesting for a mineral material sale.

The main equipment proposed to be utilized consists of 2 rubber tired front-end loaders with 5 yard buckets and 2 coverd10 wheel grain-bed dump trucks. It is stated that the front-end loaders would fill the trucks and the trucks would haul the humates about 4 miles to a railroad siding at Westwater. Fueling and service of all equipment would be mobile. Before the end of a shift, one loader would drive to the railroad siding and load railroad cars. Equipment would be rolling stock which will drive away at jobs end. **Deficiencies to address:** The loaders are not considered excavation equipment. Provide an explanation for how the loaders can be used for excavation of overburden and humates? What is the capacity of the trucks in cubic yards or tons? How many trucks would be loaded daily with humates? What volume of humates would be stockpiled daily at the railroad siding? Explain what arrangements have been made with the railroad for this operation. How many railroad cars would be available for loading and on what schedule? What is the capacity of the railroad cars in cubic yards or tons? Provide a site map of the railroad siding with stockpile areas, loading areas, railroad cars, and access roads. Loaders and heavy trucks use a tremendous amount of fuel and lubricants. Explain in detail how fueling and service of all equipment would be mobile and that storage of fuels and lubricants on the site is not necessary.

The reclamation plan merely states that re-grading and re-shaping would be a large part of the restoration while pit back filling would not. It is further stated that there is very little topsoil in this area but by spreading the humates a better growing surface is provided. **Deficiencies to address:** The reclamation plan must include a statement of the proposed manner and time in which you will complete reclamation of the areas disturbed by your operations. Explain how re-grading and re-shaping would occur. Explain how each piece of equipment would be utilized for reclamation. Describe how the stockpiled overburden would be reclaimed? How can humates be available for spreading when the humates have been removed in the mining operation? Where would the humates be spread? Address the removal of all facilities and equipment.

Other deficiencies identified in our letter dated September 1, 2006 which have not been addressed are as follows:

- Provide a general description of the geologic conditions and mineral resources with appropriate maps (1:24,000) within the area to be mined. Provide the humate analysis of the samples you have collected at the site and the location of the sample sites on a map (1"=200'). Provide thickness estimates and quantities of topsoil, overburden, and humates

to be removed. If an adequate assessment of the geologic and mineral resources of the site can not be provided, then the BLM may require you to conduct additional exploration, sampling, and testing to obtain this information before we can proceed with processing your humate mining proposal (43 CFR 3601.30).

- Describe the measures you will take to prevent hazards to public health and safety and to minimize and mitigate environmental damage.

As previously stated in our letter dated September 1, 2006, all costs incurred by the BLM in processing your application are cost reimbursable (43 CFR 3000.11 and 70 FR 58872, October 7, 2005). This would include the costs associated with mine/reclamation plan review, appraisal preparation and approval, and preparation of the environmental document. Once we receive a complete mining and reclamation plan, you will receive a written fee estimate based on the reasonable costs the BLM expects to incur in processing your proposal.

If you have any questions, please contact Frank Bain at (435) 259-2141.

Sincerely,

/s/ A. Lynn Jackson

Associate Field Manager

cc: Ms. Susan White
Minerals Regulatory Program
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

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